

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

Financial Statements

Year ended June 30, 2021

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Society of Safety Engineering Inc.

Qualified Opinion

We have audited the financial statements of Canadian Society of Safety Engineering Inc. (the "Society"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Society has regional chapters across Canada, the financial information of which is not included in these financial statements. In addition, the Society experienced a change in management and accounting personnel during fiscal 2021 and subsequently, resulting in the inaccessibility of certain supporting documentation for the audit verification of some transactions. Lastly, in common with other not-for-profit organizations, the Society derives revenue from a variety of sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the Society's balances was limited to the amounts recorded in the records of the Society, and the transactions for which supporting documentation could be provided. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, expenses, excess (deficiency) of revenues over expenses, and cash flows from operations for the year ended June 30, 2021, and assets, liabilities, and net assets as at July 1, 2020 and June 30, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Society for the year ended June 30, 2020 were audited by another auditor who expressed a modified opinion on those financial statements on December 4, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free

INDEPENDENT AUDITOR'S REPORT - cont'd

from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Adams & Miles LLP

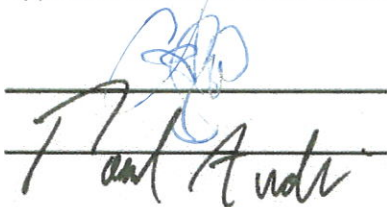
Chartered Professional Accountants
Licensed Public Accountants

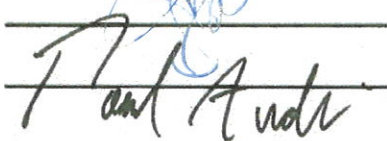
Toronto, Canada
September 2, 2022

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.**Statement of Financial Position****June 30, 2021**

| | 2021 | 2020 |
|--|--------------------|-------------------|
| Assets | | |
| Current | | |
| Cash | \$ 954,552 | \$ 894,329 |
| Investments (Note 3) | 500,657 | - |
| Accounts receivable | 8,530 | 24,356 |
| Deposits | 25,910 | 10,516 |
| | 1,489,649 | 929,201 |
| Computer software (Note 4) | 22,750 | 35,750 |
| | \$1,512,399 | \$ 964,951 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 263,356 | \$ 160,036 |
| Government remittances payable | 61,111 | 10,860 |
| Due to chapters | - | 83,476 |
| Deferred revenues (Note 5) | 247,765 | 423,082 |
| | 572,232 | 677,454 |
| Net assets | | |
| Unrestricted | 940,167 | 287,497 |
| | \$1,512,399 | \$ 964,951 |

Approved on behalf of the Board:

 Director

 Director

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.**Statement of Operations and Changes in Net Assets****Year ended June 30, 2021**

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Revenues | | |
| Membership fees | \$ 728,093 | \$ 652,744 |
| Education | 541,784 | 189,733 |
| Products and services | 60,917 | 25,244 |
| Interest income | 2,534 | 11,306 |
| Health & Safety Week | 116 | 4,349 |
| National Professional Development Conference | - | 598,062 |
| | 1,333,444 | 1,481,438 |
| Expenses | | |
| Management fees | 303,028 | 538,922 |
| Operations | 193,110 | 126,880 |
| Board and Committees | 88,624 | 119,432 |
| Education | 84,888 | 159,369 |
| Memberships | 7,243 | 10,544 |
| National Professional Development Conference | 3,726 | 476,621 |
| Health & Safety Week | 155 | 46,264 |
| Products and services | - | 8,757 |
| | 680,774 | 1,486,789 |
| Excess (deficiency) of revenues over expenses | 652,670 | (5,351) |
| Net assets, beginning of year | 287,497 | 292,848 |
| Net assets, end of year | \$ 940,167 | \$ 287,497 |

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.**Statement of Cash Flows****Year ended June 30, 2021**

| | 2021 | 2020 |
|---|------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess (deficiency) of revenues over expenses | \$ 652,670 | \$ (5,351) |
| Amortization of computer software | 13,000 | 13,000 |
| | 665,670 | 7,649 |
| Changes in | | |
| Accounts receivable | 15,826 | 3,736 |
| Deposits | (15,394) | 21,655 |
| Inventory | - | 33,507 |
| Government remittances receivable | - | 494 |
| Accounts payable and accrued liabilities | 103,320 | 79,885 |
| Government remittances payable | 50,251 | 10,860 |
| Due to chapters | (83,476) | (36,003) |
| Deferred revenues | (175,317) | (251,386) |
| | 560,880 | (129,603) |
| Investing activities | | |
| Change in investments (net) | (500,657) | 605,642 |
| Change in cash position | 60,223 | 476,039 |
| Cash, beginning of year | 894,329 | 418,290 |
| Cash, end of year | \$ 954,552 | \$ 894,329 |

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

Notes to Financial Statements

Year ended June 30, 2021

1. Purpose of the organization

Canadian Society of Safety Engineering Inc. ("the Society") was incorporated on March 8, 1973 under the laws of Canada as a not-for profit organization without share capital, and continued under the Canada Not-for-profit Corporations Act effective September 29, 2014. The Society is exempt from the payment of income taxes as a not-for-profit entity under section 149(1)(l) of the Income Tax Act (Canada).

The mission of the Society is to promote the interests of occupational health and safety professionals in Canada.

2. Summary of significant accounting policies

The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates include the useful life of computer software and the adequacy of accrued liabilities. These estimates are reviewed periodically and adjustments are made as appropriate, in the statement of operations in the fiscal year they become known.

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, and subsequently, at amortized cost. Changes in fair value are recognized in the statement of operations.

Computer software

Computer software is recorded at acquisition cost. Amortization is provided over its estimated useful life of five years on a straight-line basis.

When long-term assets no longer have any long-term service potential to the Society, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

Notes to Financial Statements

Year ended June 30, 2021

2. Summary of significant accounting policies - cont'd

Revenue recognition

Membership fees, net of cancellations and lapses, are recognized as revenue in the period in which it is earned. Membership fees received pertaining to the following fiscal year are recorded as deferred revenues.

Education revenues are recognized in the period in which the specific course is held.

All other revenues are recognized when earned.

Donated services

During the year, voluntary services were provided. Because these services are not normally purchased by the Society, and because of the difficulty in determining their fair value, donated services are not recognized in these statements.

3. Investments

Investments were in Guaranteed Investment Certificates, which earned interest at rates between 0.40% and 0.45% per annum, and which matured between December 2021 and April 2022.

4. Computer software

| | 2021 | | 2020 | |
|-------------------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer software | \$ 65,000 | \$ 42,250 | \$ 22,750 | \$ 35,750 |

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Notes to Financial Statements

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5. Deferred revenues

Deferred revenues consisted of the following as at year-end:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Membership fees | \$ 232,765 | \$ 277,425 |
| Conference registrations and sponsorships | 15,000 | 88,835 |
| Course registrations | - | 56,822 |
| | \$ 247,765 | \$ 423,082 |

6. Financial instrument risks

It is management's assessment that the Society is not exposed to significant credit, liquidity, or market risks arising from its financial instruments.

7. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus.

As a result of COVID-19, the Society closely managed the changes in its operations in fiscal 2021, and continues to do so, including the suspension of all in-person operations during the pandemic, and the continuation of virtual events and meetings. To help its members through difficult times, the Society also offered free resources such as paid webinars free of charge. Management does not anticipate a significant financial impact due to the ongoing pandemic.

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

Notes to Financial Statements

Year ended June 30, 2021

8. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

In particular, the Society's previous practice of allocating general management expenses among various events and programs based on the percentage of usage of the management expenses was discontinued in fiscal 2021. Accordingly, the fiscal 2020 expenses have been reclassified in these financial statements for comparative purposes.